

Message Text

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45

ACTION AID-59

INFO OCT-01 EA-11 ADP-00 EB-11 IGA-02 CIAE-00 INR-10

NSAE-00 RSC-01 XMB-07 COME-00 FRB-02 TRSE-00 OMB-01

RSR-01 /106 W

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R 011125 Z JUN 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 2519

C O N F I D E N T I A L SAIGON 9755

E. O. 11652: GDS

TAGS: EFIN

SUBJECT: IBRD STUDY MISSION

JOINT EMBASSY/ USAID MESSAGE

REF: STATE 091547

1. SUMMARY: IBRD STUDY MISSION LEFT SAIGON MAY 31 FOLLOWING TEN DAY TRIP. THEY SAW SIDE RANGE OF GVN AND US MISSION PERSONNEL. TEAM WAS CRITICAL OF GVN DELAYS IN ORGANIZING FOR POSTWAR ECONOMIC PROBLEMS AND NOT VERY OPTIMISTIC ABOUT SETTING UP CONSULTATIVE GROUP BEFORE THE FALL. END SUMMARY

2. BLOBEL AND TEAM MEMBERS MET WITH NUMEROUS US MISSION AND GVN PERSONNEL, INCLUDING AMBASSADOR WHITEHOUSE AND PRIME MINISTER. IN FIRST MEETING WITH USAID DIRECTOR ON MAY 25, BLOBEL DESCRIBED HIS TEAM AS BEING ON A SMALL RECONNAISSANCE MISSION AND NOT PREPARED TO MAKE GENERAL ASSESSMENT. HE DOUBTED MAGNITUDE OF RECONSTRUCTION REQUIREMENTS. TEAM MEMBERS ALSO EXPRESSED CONCERN OVER SECURITY SITUATION. TEAM CONSIDERED SOME OF GVN PROJECTIONS RE GROWTH AND AID REQUIREMENTS AS UNREALISTIC. IN SUBSEQUENT CONVERSATION, AMBASSADOR WHITEHOUSE PUT THESE PROBLEMS IN DIFFERENT AND MORE FAVORABLE PERSPECTIVE.

3. USAID DIRECTOR MET AGAIN WITH BLOBEL PRIOR TO DEPARTURE.

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BLOBEL NOTED THE LACK OF CONCRETE PROPOSALS AND LACK OF ADEQUATE ORGANIZATION TO DEAL WITH POSTWAR ECONOMIC PROBLEMS. HE SAID HE URGED GVN TO BEGIN WORK ON SPECIFIC PROPOSALS WHICH, IN THE INITIAL PERIOD, MIGHT BE MORE IN NATURE OF PROGRAMS RATHER THAN PROJECTS. HE ALSO RECOMMENDED THAT NATIONAL COUNCIL BE ORGANIZED PROMPTLY WITH AN EFFECTIVE SECRETARIAT. HE CAUTIONED GVN AGAINST SPENDING GREAT EFFORTS ON LONG- RANGE COMPREHENSIVE DEVELOPMENT PLANS AT THIS TIME IN FAVOR OF MORE CONCRETE PROPOSALS IN SPECIFIC AREAS SUCH AS LAND RECLAMATION. HE ALSO WARNED AGAINST EXCESSIVE INCENTIVES TO PRIVATE AND FOREIGN INVESTMENT AND SAID GVN SHOULD USE INCENTIVES ONLY TEMPORARILY, MAKING CLEAR THIS INTENTION TO INVESTORS.

4. BLOBEL DID NOT BELIEVE AN INFORMAL MEETING OF PROSPECTIVE DONORS COULD BE HELD BEFORE AUGUST THEREBY DELAYING ESTABLISHMENT OF A CONSULTATIVE GROUP UNTIL FALL. HE SAID THAT COUNTRIES CONTACTED BY BANK EXPRESSED RELUCTANCE TO HAVE MEETING IN JUNE, THOUGH HE ADDED HIS INFORMATION MAY BE OUT OF DATE. WE EXPRESSED VIEW THAT PROSPECTIVE DONORS SHOULD GET TOGETHER AS SOON AS POSSIBLE. BLOBEL SAID WORK OF BANK NOT NECESSARILY TIED TO MEETING OF DONORS, THOUGH BANK WOULD NOT WANT TO GET VERY DEEPLY INVOLVED WITHOUT BACKING OF MAJOR MEMBERS.

5. TEAM DID NOT REFLECT URGENCY WE ATTACH TO GETTING PROSPECTIVE DONORS ORGANIZED, NOR ARE THEY READY TO VISUALIZE RECONSTRUCTION AND REHABILITATION PROBLEMS-- AND AID REQUIREMENT-- IN SAME MAGNITUDE WE DO. MOREOVER, WE SENSED CONSIDERABLE RELUCTANCE MOVE QUICKLY GIVEN CURRENT STATE OF SECURITY. THEY DO, HOWEVER, NOW HAVE A BETTER PICTURE OF THE PROBLEMS HERE AND EVIDENCED A WILLINGNESS TO MOVE AHEAD WITH THE ADB AND PREPARE LOANS AND TECHNICAL ASSISTANCE PROJECTS.

6. BANK TEAM PLANS TO WRITE REPORT IN BANGKOK AND BLOBEL EXPECTS TO RETURN TO WASHINGTON IN LATE JUNE. HE INTENDS TO RETURN TO VIETNAM IN EARLY JULY AND HOPES TO BE ABLE TO SET UP SOME TECHNICAL MISSIONS AT THAT TIME. IN MEANTIME, WE WILL PUSH GVN TO GET NATIONAL COUNCIL ORGANIZED AND FUNCTIONING.

WHITEHOUSE

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*** Current Classification *** CONFIDENTIAL

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